

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**HB 1954 - SB 2126**

March 4, 2014

**SUMMARY OF BILL:** Removes from the list of discriminatory practices, the aiding, abetting, inciting, compelling or commanding a person to engage in any of the acts or practices declared as discriminatory codified in Title 4, Chapter 21. Adds language stating that no individual employee, or agent of an employer, shall be liable for any violation of this chapter that any employer shall be found to have committed. Establishes caps, based on the number of employees any employer employs, for the amount of compensatory damages awarded an individual for pecuniary losses, emotional pain, suffering, inconvenience, mental anguish, loss of enjoyment of life, and other non-pecuniary losses, in employment-related discrimination actions, disabled discrimination actions, and other specified actions. Defines the term “employer” for the purpose of this act. Declares that this section abrogates and supersedes the common law with respect to any claim that could have been brought under this section.

**ESTIMATED FISCAL IMPACT:**

On February 28, 2014, a fiscal note was issued for this bill with the following estimated impact:

*NOT SIGNIFICANT*

Based on additional information received from the Tennessee Human Rights Commission, the fiscal impact of this bill is being corrected as follows:

**(CORRECTED)**

**Increase State Expenditures - \$5,000**

**Other Fiscal Impact – Based on information provided by the Tennessee Human Rights Commission, approximately \$450,000 in federal funding will be jeopardized as a result of this bill.**

Corrected Assumptions:

- Based on information provided by the Administrative Office of the Court, any variation in the number of suits filed as a result of this bill is estimated to be not significant. Therefore, any change in state or local government revenue and expenditures is considered not significant.

**HB 1954 - SB 2126 (CORRECTED)**

- The majority of any fiscal impact as a result of this bill will be borne by the private parties.
- According to the Tennessee Human Rights Commission (THRC), the Commission is likely to lose federal funding from HUD because the bill removes the individual liability portion of the Tennessee Human Rights Act which is available under the federal Fair Housing Act. The THRC indicates federal funding of approximately \$450,000 will be jeopardized as a result of passage of this bill.
- THRC indicates additional expenses for education and outreach across the state to educate public on the changes in law. As a result, the THRC would require an additional appropriation. Based on the information provided by the THRC, the recurring increase in state expenditures is estimated to be \$5,000.

## **IMPACT TO COMMERCE:**

**Other Commerce Impact – Limiting compensatory damages for certain employers is expected to decrease business expenditures. The extent of any net decrease in business expenditures cannot be quantified because such impact is dependent upon unknown factors.**

**Jobs Impact - To the extent impacted businesses experience a decrease in expenditures as a result of this bill, more money will be available to such businesses for either profit or investment. To the extent impacted businesses utilize the anticipated expenditure savings to expand employment, the number of Tennessee jobs may increase. The extent of any additional jobs created as a result of this bill cannot be quantified for such impact is dependent upon unknown factors.**

### **Assumptions:**

- No change in business revenue as a result of this bill.
- Limiting compensatory damages for employers that will be impacted by the bill is expected to reduce business expenditures for such businesses relative to the expenditures they would incur for damages under current law. The extent of any net decrease in business expenditures cannot be determined with specificity because such impacts are dependent upon the extent of damages an employer would pay under current law relative to the extent of damages an employer will pay under the provisions of this bill, both of which are unknown.
- Given that a limitation on compensatory damages is expected to result in reduced business expenditures, more money would be available to these business entities for either profit or investment. To the extent expenditure savings are utilized to employ additional Tennesseans, there would be a positive impact to the number of Tennessee

jobs. The extent of any job creation cannot be quantified because any such impact is dependent upon the individual decisions of business owners and management.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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